

NEWS RELEASE

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DeNUCCI CITES REGISTRY FOR EXCESSIVE SPENDING ON TECHNOLOGY CONSULTANTS

State Auditor Joe DeNucci today called on the Registry of Motor Vehicles to reevaluate the cost effectiveness of its information technology operation after releasing a report showing that the Registry has been spending up to \$10.7 million annually on IT consultants who are paid significantly more than state employees with similar skills.

According to DeNucci's audit, the Registry has retained information technology consultants to perform most of its IT work since 1984. However, the audit revealed that the hourly rates paid to these consultants are up to six times higher than the maximum hourly rates that are paid to IT employees hired by the state.

During fiscal year 2001, the Registry funded 23 IT employees, including one management position and three IT-proficient employees who are hired under a state program providing higher salary levels than other state employees. During the same year, the Registry funded contracts for 82 IT consultants who are paid at far greater rates.

DeNucci's audit disclosed that the Registry of Motor Vehicles has the highest ratio of IT consultants to IT-proficient employees of any state agency (approximately 27-to-1), even more than the state Department of Education which was the subject of a critical DeNucci audit last year for spending excessive amounts of money on technology consultants.

DeNucci said the Registry could save a considerable amount of money by hiring employees to complete more of its technology tasks. For example, one of the Registry's consulting companies charges up to \$156,000 per year for a programmer analyst while state employees with similar skills get a maximum \$86,428 in salary and fringe benefits.

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Registry officials said they believe the agency's IT workload can only be performed by hiring IT consultants because state salaries cannot compete with the high rates paid by consulting companies. However, the Registry said in response to DeNucci's report that it recently reduced the funding available for consultants by \$800,000 and is considering additional reductions.

"I commend the Registry for reducing its consultant costs and I am hopeful that the agency will continue to explore opportunities for savings in this area," said DeNucci. "With all state agencies spending about \$150 million a year for IT consultants, this is one area the administration can look to for budget savings."

In another finding, DeNucci asked the Registry to fully account for federal and state funds awarded for its participation in the National Motor Vehicle Title Information System project, an anti-car theft initiative.

Despite repeated requests for information by DeNucci's staff, the Registry did not provide records documenting how these funds were used or provide information on whether other funds had been dedicated for this project. In addition, information received by DeNucci's office from the U.S. General Accounting Office (GAO) indicated that based on data supplied by the Registry, the estimated project cost may double the \$324,000 amount originally acknowledged by the Registry.

"The Registry has yet to provide a full accounting of this project," said DeNucci. "Without this accounting, there is no way of knowing what the project cost or what was accomplished."